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## Environmental Quality Commission

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## Environmental Quality Commission

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December 1, 2004

W. James Host, Secretary  
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LaJuana S. Wilcher, Secretary  
Environmental and Public Protection Cabinet  
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Frankfort, KY 40601

Dear Secretary Host and Secretary Wilcher:

The Kentucky Environmental Quality Commission appreciates the opportunity to expand upon its testimony presented before the Energy Task Force on Nov. 12, 2004.

EQC believes that Kentucky can be a national energy leader both in terms of promoting a diverse and sustainable energy supply while ensuring a clean and healthy environment and quality of life for all Kentuckians.

The commission supports a Kentucky Energy Policy that:

- Embraces social and environmental responsibility.
- Fully considers the linkages between energy development, environmental quality and public health.
- Strives for continuous improvement to the environment and our quality of life.
- Supports increased use of renewable energy sources.
- Promotes energy efficiency and energy conservation.
- Invests in clean energy research and technology.
- Engages the public in a proactive and constructive manner.

The commission offers the following opportunities to balance environmental concerns with responsible energy development.

### **Promoting Integrated Approaches to Decision-Making**

Energy development is an important economic opportunity for Kentucky. The key to making sound and sustainable decisions on energy development is to fully understand the linkages between energy extraction, generation and use and the effects on the environment and public health.

The economic benefits must be fully considered with the environmental trade-offs in energy development decisions. The Kentucky Energy Policy should be proactive in its approach to energy development working to prevent environmental problems from occurring.

Promoting proactive strategies will require a reshaping of the decision-making process to provide for a more integrated approach through interdisciplinary and interagency knowledge sharing. Kentucky's Energy Policy should provide mechanisms to support interaction and coordination among development and public protection agencies when evaluating the appropriateness of energy development or the expansion or modification of existing permitted energy activities.

### **Regulatory Improvements and Reforms**

Today, we are living in a transition to a new economy defined by global competition and rapid technological change. These changes also drive environmental change. For example, the number of natural gas wells in Kentucky has doubled in the past 7 years. State officials have reported to EQC that

oil and gas bonds do not cover plugging and closure costs. Kentucky's Energy Policy should commit to the goal of continuous environmental improvement through the periodic evaluation of program performance and needs. Such an assessment can lead to regulatory improvements and reforms to address environmental concerns as well as unnecessary or burdensome regulatory requirements.

### **Investing in Clean Energy Technologies.**

With coal prices now back to \$50 to \$60 a ton, increased production will likely continue to occur. EQC sees this as an opportunity for Kentucky to invest in clean coal technologies and improved mining methods that reduce environmental impacts.

Economic development and job growth opportunities also exist through:

- New biomass energy "cash crops" for farmers, and
- Increased jobs and business for manufacturers of energy efficiency and alternative energy products.

A Kentucky Energy Policy should encourage research, incentives and coalitions to channel private and public sector financial resources to support innovative technologies that will optimize Kentucky's energy sector and minimize environment impact. A long-term investment strategy that targets energy development opportunities is key to creating a vibrant energy economy for Kentucky.

### **Promoting Renewable Energy Sources**

Less than 2 percent of Kentucky's electricity comes from renewable resources. A Kentucky Energy Policy should promote a diverse energy portfolio for our state. Kentucky should establish energy efficiency and renewable energy goals and develop strategies including regulatory reform initiatives, wider application of net-metering programs, enhancing tax incentives and supporting development of a renewable fuels industry.

The strategy should also focus on promoting green communities by supporting incentives to encourage building and development projects that include funding for open space conservation and urban forestry which can serve as natural cooling areas while improving air quality in urban areas. The Energy policy can also encourage the design and construction of energy-efficient and environmentally friendly "green buildings" through financial incentives, technical assistance and related program initiatives. Several states have enacted tax credits to support green buildings, which, among other things, increase energy efficiency, improve indoor air quality and promote the use of recycled materials and wood resulting from sustainable forestry practices.

### **Responsive to Global Concerns**

The Kentucky Energy Policy should be responsive to international energy markets as well as technologies and solutions that will improve the global environment. The Kentucky Energy Policy should commit to a statewide goal of reducing greenhouse gas emissions through a state program that allows businesses to enter into voluntary agreements to meet certain energy efficiency targets and reduce greenhouse gas emissions. To assist businesses in meeting such voluntary agreements, the State should consider offering technical assistance, public recognition and financial incentives, as appropriate or necessary.

### **Encourage Public Participation**

EQC strongly supports a state energy policy that provides for public input and participation throughout the decision-making process. The Kentucky Energy Policy should support public participation early in the process by developing adequate public outreach and educational programs for energy development projects. EQC also recommends that the Energy Task Force provide an opportunity for all Kentuckians to review and comment on the draft Kentucky Energy Policy.

EQC commends the task force for its interest and support in seeking public input on the outset of the energy policy planning process. Thank you again for the opportunity to provide these comments.

Sincerely,



Chair, Environmental Quality Commission